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Committees  
Economic Development, Small  
Business and Regulatory Reform VC  
Families and Human Services VC  
Government Operations  
Health Policy

# The Jacobs Report

**FOR IMMEDIATE RELEASE**  
**Friday, July 9, 2004**

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## **BUDGET HOLE LINGERS AT \$60 MILLION**

Noting that Michigan's budget is not out of the woods yet, Governor Jennifer Granholm revealed the latest bad financial news to legislative leaders this past Tuesday. Retarded by chronic unemployment, the state has again generated lower-than-expected income tax revenue, putting the current budget in a \$60 million hole.

"It is disappointing," Governor Granholm said. "There is no doubt about it. Even if you get a casino tax, we're still at least one revenue source away from passing a budget."

She urged Republicans to reconsider their opposition to the estate tax, which would raise approximately \$225 million over the next two fiscal years.

Democrats expressed frustration over staunch GOP opposition to the plan, which involves a five percent tax accessed on those who inherit over a million dollars.

"I don't think it's unreasonable to ask someone who is inheriting over a million dollars to pay a five percent tax," said Senator Gilda Z. Jacobs (D-Huntington Woods).

"[We are] asking those who can afford it most to pay 5 percent," added the governor. "I just don't understand [the GOP's position]. It is not within my ability to comprehend why there is such opposition to this."

"They shouldn't have to toil their whole lives only to have the state take half of it when they die," explained Senate GOP spokesman Bill Nowling.

"Since when does five percent equal half?" asked one Democratic staff person.

Few alternative solutions to the new \$60 million problem have been offered. One unlikely strategy involves passing a flawed budget and correcting it later with a negative supplemental. One Democratic House Appropriations member called that idea "irresponsible."

The governor agreed. "We need to wrap the whole thing up, so the solutions must be comprehensive solutions. We don't [want] to go back at this again," she said.

## **SENATE PASSES CASINO TAX INCREASE**

During a dramatic call of the Senate - the first in years - the upper chamber mustered the 29-vote majority needed to pass a six-percent tax increase (from 18 to 24 percent) on the three Detroit casinos.

The House, which earlier this year approved a tax increase on the casinos equal to 36 percent, subsequently rejected

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the Senate version of the bill (HB 4612), putting it into a House-Senate conference committee for further negotiations.

According to some Capitol sources, the affirmative vote to raise the casino tax involved a backdoor deal nixing a separate "Racino" bill that would authorize the addition of slot machines at the state's horse racetracks.

"We should be enhancing our horseracing industry, not abandoning it," said Senator Gilda Z. Jacobs (D-Huntington Woods). "I hope these rumors are just that: rumors." Sen. Jacobs' district includes the Hazel Park Raceway.

Because the bill amends the 1996 ballot initiated act that authorized the casinos, it needed a three-fourths majority (29 votes) to pass. So when the initial vote was 28-8, it caused great surprise.

Joining Jacobs and Dennis Olshove (D-Warren) against the measure were Republicans Mike Bishop of Rochester, Nancy Cassis of Novi, Shirley Johnson of Royal Oak, Michelle McManus of Lake Leelanau, Bruce Patterson of Canton and Alan Sanborn of Richmond.

Absent were Democrats Virg Bernero of Lansing (on Mackinac Island as part of a family vacation) and Martha Scott of Highland Park (attending a funeral in Detroit).

When he initially fell one vote short, Majority Leader Sikkema requested a call of the Senate and ordered the sergeants to bring Senators Bernero and Scott into the chamber. A State Police plane was prepped to fetch Mr. Bernero and a car was dispatched for Ms. Scott.

Mr. Sikkema then convinced Sen. Olshove to change his vote.

"I knew what I was doing. I made my point," Sen. Olshove said. "I asked (Sikkema) if racinos are dead, and he said not necessarily. I asked the governor's office if racinos are dead, and they said not necessarily. The Senate Minority Leader said not necessarily."

Sen. Jacobs attempted to amend the bill to tie-bar its passage to passage of the racino bill, but that effort failed. "We have racetracks in this state that have been here for decades," she said. "In order to try to preserve this industry, which has been turned on its head by casinos, this amendment would allow racinos to operate on a level playing field."

The administration was silent on the racino issue, but did speak to the casino tax. "The governor wants a budget resolution that will protect the priorities she outlined earlier this year," said Granholm spokesperson Liz Boyd. "If the casino tax is part of an overall resolution to the budget, she might consider it." Ms. Boyd's comments mark a departure from the administration's prior insistence that gambling measures would be considered only after the completion of budget work.

### **SUMMER TRAVEL: AVOIDING CONSTRUCTION DELAYS**

Avoid traffic bottlenecks by checking the Michigan Department of Transportation's lane closure website before you travel: <http://www.mdot.state.mi.us/laneclosure/>. The page allows you to search construction by date, county and/or route. MDOT also produces several types of maps showing Average Daily Traffic (ADT) counts, latest news updates, and construction advisories. This information can be found by navigating the department's home page: [www.michigan.gov/mdot](http://www.michigan.gov/mdot).

**State Senator Gilda Jacobs** represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

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